

**TOURO BOULIGNY SECURITY DISTRICT
AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and where appropriate at the office of the parish clerk of court.

Release Date OCT 30 2013

TOURO BOULIGNY SECURITY DISTRICT

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
GENERAL-PURPOSE FINANCIAL STATEMENTS:	
Balance Sheet	5
Statement of Activities	6
NOTES TO THE FINANCIAL STATEMENTS	7
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE WITH OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	12
CURRENT YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS	14
PRIOR YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN FOR PRIOR YEAR FINDINGS	15



Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Touro Bouligny Security District
New Orleans, Louisiana

Report on Financial Statements

We have audited the accompanying statement of net position of the Touro Bouligny Security District (the "District") as of and for the year ended February 28, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd
Mandeville, LA 70448
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane
P O Box 50 Pass Christian, MS 39571
(985) 626-8299 (O) • (985) 626-9767 (F)

Limited Liability Company
www.silva-cpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Touro Boulogny Security District, as of February 28, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Correction of Prior Year Error

The net position was restated to reflect adjustments related to an error identified in the current year (See Note B).

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Silva Gartner & Abney, LLC

July 11, 2013

**TOURO BOULIGNY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2013**

The Management's Discussion and Analysis ("MD&A") for the **TOURO BOULIGNY SECURITY DISTRICT** (the "District") is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. The financial information for the fifth year of operation for the District is presented to provide an overview of the District's activities. The information contained herein should be read in conjunction with the financial statements, notes thereto and other required supplemental information taken as a whole.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is required supplementary information that introduces the reader to the general-purpose financial statements and provides an overview of the District's financial activities. The District's general-purpose financial statements consist of the following components: the District's balance sheet, statement of activities and the notes to the financial statements.

The basic financial statements include the government-wide financial statement and, the fund financial statement. The government-wide financial statement consists of the Statement of Activities that provides information about activities of the District as a whole. The Fund Financial Statement includes all of the District's assets and liabilities and indicates how the District's services were financed in the short-term as well as what remains for future spending. The governmental activities are financed primarily by property taxes, and all the District's operations are conducted through the general fund. This annual report consists of a series of financial statements. The Balance Sheet (Statement of Net Assets) and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

FINANCIAL STATEMENT HIGHLIGHTS

The District began operations in 2007, thus total net assets increased during this time to \$240,278 at February 28, 2013.

The total spending for the governmental activity was \$259,259 for the year; this was \$27,764 less than the taxes (interest and other revenue) received for this activity, which totaled \$287,023.

The interest earned on funds held in custody (at the Board of Liquidation, City Debt) was \$812.

In addition, the prior year deferred revenue was understated by \$53,589 and consequently the prior year revenue was overstated by a like amount.

BUDGETARY HIGHLIGHTS

Using the prior years' experience, the District concluded that the tax collected would be reliable and took action to enhance the security services provided.

In the sixth year of operations, actual revenues exceeded the budgeted revenues due to the general economic improvement in the area's property assessed values and a concerted effort by the City to collect taxes for these properties, including taxes that were in arrears. Since the District uses the city estimates of the potential collections, the actual collections can vary; and in this year of increasing property values, the collections exceeded the budgeted amounts and allowed for a similar level of patrols when compared to the prior year.

**TOURO BOULIGNY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2013**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the present time, no known issues are expected to have a significant impact on future operations. Property assessments are expected to gain value in the year that will add to a possible increase in realized revenues. In addition, the District has complied with all Louisiana Ethics Laws and Parliamentary Procedures during the 2013 fiscal year when conducting the business of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to provide our residents of the District and others with a general overview of the District's finances and to show the District's accountability for funds received.

Questions regarding this report and requests for additional information may be directed to Mr. James Smoak, District Commissioner, P.O. Box 750290, New Orleans, Louisiana 70175.

**TOURO BOULIGNY SECURITY DISTRICT
STATEMENT OF NET POSITION
FEBRUARY 28, 2013**

ASSETS

Cash	\$ 74,240
Receivables - due from the Board of Liquidation, City Debt	<u>233,431</u>
Total Assets	<u><u>\$ 307,671</u></u>

LIABILITIES AND NET POSITION

Accounts payable	\$ 19,650
Deferred revenue	<u>47,743</u>
Total Liabilities	<u>67,393</u>
Fund balance - unreserved and undesignated	<u>240,278</u>
Total Liabilities and Net Position	<u><u>\$ 307,671</u></u>

The accompanying notes are an integral part of these financial statements.

TOURO BOULIGNY SECURITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED FEBRUARY 28, 2013

	Actual	Budgeted	Budget Variance
REVENUES			
Ad valorem tax	\$ 286,211	\$ 264,930	\$ 21,281
Interest earned	812	-	812
Total Revenues	287,023	264,930	22,093
EXPENDITURES			
Direct Expenditures			
Patrol and security services	241,794	242,464	(670)
Total Direct Expenditures	241,794	242,464	(670)
Administrative Expenditures			
Accounting	2,400	2,400	-
City & Assessor Fees	11,008	10,595	413
Insurance	2,926	2,926	0
Printing postage and signs	1,130	1,143	(13)
Total Administrative Expenditures	17,465	17,064	401
Total Expenditures	259,259	259,528	(10,595)
EXCESS OF REVENUES OVER EXPENDITURES	27,764	\$ 5,402	\$ 11,498
BEGINNING NET POSITION, as restated	212,514		
ENDING NET POSITION	\$ 240,278		

The accompanying notes are an integral part of these financial statements.

**TOURO BOULIGNY SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2013**

NOTE A - INTRODUCTION

The Touro Bouligny Security District (the "District") is a special taxing district created by Act 77 of Regular Session of 2005 of the Louisiana Legislature (Louisiana Revised Statute 33:9091.9), for the purpose of promoting and encouraging the security in the area included within the District.

The District is governed by a Board consisting of nine members (commissioners) who are residents within the District. The commissioners are appointed by certain organizations within the District; including the mayor, the state senator, the state representative, and the city council member who represents the District. Commissioners are appointed on rotating and staggered schedule over a four year term. In addition, the Commissioners serve on the Board of the District without compensation.

The boundaries of the District are those areas within the following perimeter.

Louisiana Avenue to St. Charles Avenue (river side only)
to Napoleon Avenue (both sides)
to Magazine Street (both sides)
and back to Louisiana Avenue (excluding all municipal numbers on Louisiana Ave.)

The District has no paid employees.

As approved by the majority of voters of the District in September 2006, the operations of the District are funded by the imposition of a special ad valorem tax placed on taxable real property within the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying general-purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, issued in June 1999.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

**TOURO BOULIGNY SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2013**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

REPORTING ENTITY

The District is the basic level of government, which has financial accountability and control over all affairs of the District related to promoting and encouraging the security of the Touro Bouligny area in Orleans Parish. The District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, because the majority of the Board members are appointed by the public, and said Board has decision-making authority, the authority to set rates (within legally prescribed limits), the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, there are no component units as defined in GASB Statement 14, which are included in the District's reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when Ad valorem taxes are collected by the Board of Liquidators, regardless of the timing of related cash flows. The District uses fund accounting to report its financial position and results of operations. The District's accounts are organized into a single proprietary fund. The a proprietary fund is used to account for operations that are operated in a manner similar to private businesses where the intent of the governing body is that the cost of providing goods and services to the general public is financed or recovered primarily through as valorem taxes.

BUDGET PRACTICES

The proposed budget, prepared on the modified accrual basis of accounting, is submitted to the Board of Commissioners prior to the beginning of each fiscal year. The budget is made available for public inspection and is then legally adopted by the Board. The budget is established and controlled by the District, and is amended during the year, as necessary. All budgetary appropriations lapse at the end of the year and must be re-appropriated for the following year to be expended.

CORRECTION OF 2012 FINANCIAL STATEMENT AMOUNTS

Subsequent to the issuance of the February 29, 2012 financial statements, the District identified the following error in the prior year. Accordingly, these adjustments were recorded to restate certain balances as of February 29, 2012. This adjustment was considered to be material overall to the financial statements.

1. Within the Statement of Net Position.

Deferred Revenue understated by \$53,589

2. Within the Statement of Revenues, Expenses, and Changes in Net Position:

Ad Valorem tax overstated by \$53,589

**TOURO BOULIGNY SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2013**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

NOTE C - CASH AND CASH EQUIVALENTS

Cash includes amounts in interest bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with banks organized under the Louisiana law or any other state of the United States, or under the laws of the United States.

At February 28, 2013 the District had \$74,240 in non-interest bearing demand deposits. These deposits are stated at cost, which approximates market. Under the state law, these deposits, or the resulting bank balances, must be secured by the Federal Deposit Insurance Commission (FDIC) or the pledge of securities owned by the fiscal agent bank. At February 28, 2013, the District had \$74,240 in deposits (collected bank balance) insured by the FDIC coverage

The District does not have any investments other than cash invested in a non-interest bearing checking account. Funds held in a custodial account of the Board of Liquidation, City Debt, are invested in fully secured certificates of deposit and/or obligations of the United States Government.

The District is exposed to various risk of loss to torts, and theft of, damage to and destruction of assets. To handle such risks, the District has been named as an additional insured under the policies maintained by the company providing the patrol services to the District.

NOTE D - AD VALOREM TAXES

Annually, the District submits a plan to the City Council of New Orleans to levy and collect a special tax, not to exceed sixteen and two tenths (16.2) mills, on all taxable real property situated within the boundaries of the District.

The City of New Orleans levies and collects the special taxes for the District in the same manner and at the same time as all other ad valorem taxes on property subject to taxation by the City of New Orleans. Specifically, with regards to the District, the special ad valorem taxes are levied on January 1 of the current year based on the assessed values as of August 15 of the prior year. Ad valorem taxes are due January 1 and become delinquent on February 1. Both the City of New Orleans and the Assessor are permitted to retain two percent (2%) of the amount collected as a collection fee.

Tax receipts are paid over to the Board of Liquidation, City Debt, day by day as collected. The Board of Liquidation, City Debt, serves in a custodial capacity for the District and the funds collected are deposited in a special account until warranted by the District.

The District records the ad valorem taxes as receivables and revenues in the year the taxes become due.

NOTE E - RECEIVABLES - DUE FROM BOARD OF LIQUIDATION, CITY DEBT

At February 28, 2013, accounts receivable was \$233,431. This mainly consists of funds held in a custodial account with the Board of Liquidation, City Debt. These funds, which have not been warranted by the District as of February 28, 2013, consist of ad valorem tax collections and interest earned on funds held in custody.

**TOURO BOULIGNY SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2013**

NOTE F – PENSION PLAN

The District has no paid employees and is therefore not a member of a retirement plan.

NOTE G – LITIGATION AND CLAIMS

The District is not involved in any litigation and management is not aware of any claims against the District.

NOTE H – COMPENSATION PAID TO BOARD MEMBERS

The members of the Board of Commissioners of the District receive no compensation for their services.

NOTE I – OTHER COMMITMENTS AND CONTINGENCIES

The District has a contract/security services agreement with a company that provides guard patrol services for the protection of the property and persons located within the boundaries of the District.

The contract with the company includes an option to renew on a semiannual basis. Total expenditures under the contract for the 2013 fiscal year were \$241,794.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 11, 2013, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



Certified Public Accountants & Consultants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners of
Touro Bouligny Security District
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the consolidated basic financial statements of Touro Bouligny Security District (the "District"), as of and for the year ended February 28, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 11, 2013

Internal Control over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified a deficiency in internal control over financial reporting that we consider to be a material weakness, as defined above

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd.
Mandeville, LA 70448
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane
PO Box 50, Pass Christian, MS 39571
(985) 626-8299 (O) • (985) 626-9767 (F)

Limited Liability Company
www.silva-cpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24 513, this report is distributed by the Legislative Auditor as a public document.

Silva Gurtner & Abney, LLC

July 11, 2013

**TOURO BOULIGNY SECURITY DISTRICT
CURRENT YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR END FEBRUARY 28, 2013**

Finding 2013-1: Error Correction

Condition – During the performance of our audit procedures, we noted that the February 29, 2012 financial statements understated deferred revenue and consequently overstated Ad Valorem tax by \$53,589.

Context – This error was found through the performance of our procedures relating to the Ad Valorem tax for the year ending February 28, 2013.

Effect – The effect on the February 29, 2012 financial statements resulted in the overstatement of Ad Valorem tax revenue for the year then ended.

Cause – The calculation of the fiscal year end deferred revenue inadvertently omitted \$53,589 that should have been included in Deferred Revenue.

Recommendation – Management should insure that all amounts collected in advance for Ad Valorem tax is included in the Deferred Revenue

**TOURO BOULIGNY SECURITY DISTRICT
PRIOR YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED FEBRUARY 28, 2012**

None